

Preserved

G. R. S. IX-5]

P 36 E

Previous references.

G762-16 No. 1, 13 Jan 1917.

159-16. 41-9, 13 Aug 1917.

29-174576, 13 Nov 1917.

1918 .

(G7)

File No. 93-18

Serial Nos. 1, 4, + 6

Later references.

G. 7. 273-19 No 1-3.

G7 93-20 at 1+2

77 33-21-243

JP

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 4

Part B for January 1920

SUBJECT.

Loss sustained in the sale of Government
of India Securities.

L: 6: To

The Comptroller. No. 4471 of 28.1.1920.

Approves of his proposal to write off in accounts
the amount of Rs. 37,58,382-14-8 being the loss on account
of sale of securities for the two years 1917-18 & 1918-19

5/24/2/1920.

GENERAL AND REVENUE SECRETARIAT

(97)

NOTES.

97 File No. 93-18

FILE HEADING.

Loss sustained in the sale of Govt
of India Securities.

From

The Comptroller

No. 179/PA 900 Dated 4.8.18

Received 23.9.18

Diary No. 464

Enclos. 2 Spare Copies.

Serial No.

BRIEF ABSTRACT OF LETTER.

Forwards for a Statement of Securities sold
and states that the loss sustained amounting
to Rs 31,34,541-2-8 has been written
off the accounts for the year 1917-8 in
accordance with principle accepted by G.O. No

NOTES AND ORDERS.

It is 26-5-17 29. 17-6-8 24. 11. 17. The matter requires
further consideration.
The G.O. permitting such loss to
be treated as extra-ordinary
expenditure is set up. The loss
shown in the statement should be Rs 31,34,541

sub

1) Copy of
H. Seely's letter d. 8.9.18
to ~~Seely's~~ school

2) File 47 93 9-18
re was sustained in the
Sale of Securities

3) Extract of Mr. Meyer's
ref. to Mr. Stewart

N

28.9.18

Signs:

1) Please put up the Madras
Hall with the ^{loc} Prop. of 4.9.18.

2) Also - 6.9.18. forgotten - if there
available - ^{on} C.I. is not any

Path
28.9.18

28/9/18

28/9/18

Subo with Govt of
India Gayatri. Jyoti.

1871
S/CO
W

Extract is also
placed in the
file

Gr 7 File No. 93 of 1918.

3 1/2 9 - 3023252-10-
K.L. - 111238-8.8
Tad^R 31,34491-2.8

and not 3'34, 5'41 as shown
in the Comb's letter

947

25/9

February

187
26/9/100

763
2x19

920
2914



Resubmitted wire are up.

18
23/10/10

[Handwritten signature]

3) What is the necessity of writing off the large amount as loss? If we have sold securities largely we have also bought largely. If there has been loss in selling at low rates there has been corresponding gain in buying securities bearing higher rates of interest at ~~corresponding~~ low rates. On the whole is it not better to have the book value of securities as it is + calculating^e from time to time the rate of return we are getting. Buying securities is one form of investment and the rate of return we get is the main thing. ~~If we investment say in~~
~~work like the C.R.S. appreciate it~~
~~depreciate it is not right to say~~
~~up the book value. Supposing we~~

Serial
No.

sold all our papers one day & bought back all of them at the same rate the next day then we would be exactly where we were without the least difference in our position; but according to the method of writing off in the way now suggested a huge loss will be shown in the books. After all what is proposed is a debit & credit entry on either side & it is not in my opinion necessary to show it. The amount at the debit of the Investment account may continue to show the amount which we have spent on the investments. In the accompanying note it is explained how our paper investments are now earning about 3.58 per cent. The Comptroller ^{of app.} will be informed that the adjustment proposed by him does not ^{appear} necessary.

M
14/11/18

1st Member)

If the Secy approves, this may be informally discussed at the next meeting of the Council.

Reel
12.12.18

Deputy

NOTE—Contn. sheet.

13.12.18

General and Revenue
Secretariat.

C.7 File No. 93 of 1918.

Serial
No.

The Committee having met
 question of principle
 Mr. Duttas note recommending
 Sale proceeds & proceeds
 if any - showing how, such
 cases were dealt with - may
 be put up

4/11
 14/12

up to

my

xx

17/12

18

18/12

15/12

47 159-10-2 (18/12)
 x 8.

The file relating to Sale of Securities
 as well as the one relating to
 Public debts & investments are
 put up.

There are no precedents for
 treating the loss sustained in
 the sales as loss excepting
 the Govt. order H. 25.53-574.7.16
 of 24.10.17.

Sd/-

19/12

19/12

(For Disposal at a Meeting)

No. C. 670.

7.3.1919

GENERAL AND REVENUE SECRETARIAT.

COUNCIL MATTER.

SUBJECT.

(Clause xii of the Schedule)

Question of writing off the accounts, of the loss sustained
in the sale of Government India Securities.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

7th March
1919.

Ch. K. S. S. S.
Chief Secretary to Government.

Extraordinary Member of Council.

First Member of Council.

Second Member of Council.

Temporary Member of Council.

WD 2670-GPB-1,000-N-5-17

3.513
8.3.19

116
12.3.19

15
11.3.19

14
10/3

E

F.

Serial
No.

By 7th 62-16 re M Datta ...
on the sale of securities &
Govt resolution requiring
securities of the value of a
crore to be held in ~~the~~ re
serve is also faced & put up
as directed by. n/s in person
Smt

1579
16/1

11/1 H. Ling.

14.1.19.

Devan's order of 14.12.19
Kindly see para 6 of M^r Datta's
note of 9-11-17; and paras 9
and 17 (4) of his note dated
12-2-17.

Flag Q

Flag M

M^y

1.3.19

As regards precedents there are none
except the adjustment of last
year, papers in connection with which
are put up. As the amount was
comparatively small the proposal of
the Committee was approved on that
occasion - The magnitude of the
adjustments now proposed has made full
consideration of the underlying principles
necessary.

13 Circulate

57819

NO. 4/3. 24.11.20

5044

NOTE - Contn. sheet.

4.3.19
to ch. secy into
comptroller

11. 1.3.19
may be considered
in Council

c. 670

ci(67)

7

Subject.-Clause xii of the Schedule.

Question of writing off the accounts
of the loss sustained in the sale of Govern-
ment of India Securities.

Opinion of the Council.

17

note

The practice in B India may be
ascertained

CS
13/3/19

18

Forwarded, with compliments, to the
Secretary to Government, Financial Depart-
ment, for necessary action.

W.S. 19

Please scrutinize the
returns of Indian manuals
+ see if any clue can be
found. May be put up before
30th April.

CS
14/3/19

M
15/3 16/3

2/4/19

G. R. S. III-2,

General and Revenue
Secretariat.

97 File No. 93 of 1918.

Serial
No.

* E

* F.

B.

By 2 x 62-16 in Datta's
on the Sub of Securities &
Govt resolution requiring
Securities of the value of a
Crore to be held in ~~the~~ the
serve is also faced & put up
as directed by. n/s in person
Sarat

11/1

21 Aug).

14.1.19

1579
16/1

Devan's order of 14.12.19

Flag Q

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comparatively small the proposal of
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occasion. The magnitude of the
adjustments now proposed has made full
consideration of the underlying principles
necessary.

13 Circulate

573/19

No. 4/3. 24.11.18

50,44

NOTE—Contn. Sheet.

4.3.19

ch. sent into
comptroller

573

11. 13.19
H. C. Council

5.3

964
97 File No. 93 of 1918. 9Serial
No.²⁴
Subd. with draft to

17/5 25 June 1918

over
after
issue

4

To. The Comptroller.

D. 62098 21. 5. 19.

Enquires what the practice
in British India is in the
matter of writing down
the value of securities.

5

From the Secy. Officer
D. M. 32758 22. 5. 19.States that the practice
in British India for writing
down the value of securities
held in connection with
the currency reserve is to
form a depreciation fund
from contribution made
from the Rev. account
that a depreciation fund
can be formed only for
an investment which

Serial
No.

Orders are solicited as to what British Indian manuals are to be studied for the information of questions of the kind cannot it appear as far as the Govt of India are concerned as they issue the proposals.

What procedure is adopted by the various Presidency Boards in connection with the transactions with the securities has perhaps been ascertained

Subd for orders

18/3

28/3. No information is available regarding the of India. practice

18/3

Personal visit to the Engineer of Compt. & Co. -
has the securities in the currency Reserve and sold 11 hundred Reserve in India and will be

18/3
one sheet.

Write complete

rule of Japan

2703

157

18
14/5

18
15/5

92 File No. 93

of 1918.

Serial
No.

& not for securities which
have been disposed of by
sale & that his proposal
refers to the adjustment
of loss resulting from
actual sale of securities.

26 The 2d Statement of
the Govt of India for
1917-18 referred to by the
Comptroller is put up

Gndd

27/5- (27/5)

18
27/5-

27 The case cited by the Comptroller is not
analogous - The currency investment ^{& reserves} have
to be kept equal to the circulation so if
any depreciated securities are sold the difference
has to be made good from a reserve formed
out of the revenue. The Govt of India ~~have~~
have been buying ~~other~~ ^{& securities} lately from the ~~the~~ ^{the} ~~the~~
Standard reserve ~~securities~~ ^{may} have been sold
~~securities~~. Please have & put up papers
showing how the "loss" arising out
of these transactions have been adjusted.

3111

G. R. S. III-2]

General and Revenue
Secretariat.

97

File No.

93

of 1918.

11

Serial
No.

27.
Subd for instructions as to
what ^{papers} have been ~~looked~~
looked into for ~~to~~ require
information.

related as
to, based
on, ^{under} ~~very~~
the ~~very~~
stems
when ~~some~~
into

6/6.

1. Related to the
Pt. Secy. Gen
obtaining info.
line 30/7/19

FINANCIAL SECRETARIAT,
BANGALORE.
21 JUL 1919

970

Serial
No.

29 On 13th March 1919 this question was considered by the Council and it was directed that the practice in British India might be ascertained. On this the Comptroller was required on 21st May 1919 to report the practice in British India and his reply was received on the 23rd idem.

2. It was in September 1918 that the Comptroller submitted this case for orders of Government and it has therefore been pending for over a year. The loss which the Comptroller proposed to adjust relates to 1917-18 and he was not authorized to include this adjustment in the accounts for that year. The loss on sales in 1918-19 is also awaiting adjustment.

3. Mr. Chakravarti has raised some objections in his notes dated 14th November 1918 and 2nd June 1919 to the Comptroller's proposal and I think it will be well if I answer them.

30

Answers.

The loss now appears in accounts as an item of asset. The loss is irrecoverable and the asset represented by it is fictitious and fictitious assets have to be written off.

31 Other factors being the same the prices of securities generally vary with rates of return the yield and a security bearing a higher rate of interest cannot be purchased at a low rate. When there is a general rise in the rate of interest securities bearing lower rates of interest depreciate and the sale of depreciated securities - -

results

Objection raised in his note d/- 14th Novr. 1918.

(i) "What is the necessity of writing off the large amount as loss?"

(ii) "If there has been loss in selling at low rates there has been corresponding gain in buying securities bearing higher rates of interest at low rates."

Serial
No.

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(i) "What is the necessity
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30

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results

Serial
No.

results in loss.

32 The loss on sale of securities is a fact and accounts should represent facts; the gain on purchase ~~is~~ is only an expectation which may or may not materialise. Investments in securities are never taken in accounts at more than the actual amounts paid for them. No appreciation in value is taken into accounts as a rule until the actual sale takes place as the increase in value is not definite and may never be realized. We cannot say that the loss and gain counter-balance each other as the former is a realized result and the latter only an anticipation which may never be realized. The argument of set-off cannot therefore be urged. The invariable practice is to write off actual losses and never to take credit for gain on capital value of -- securities until they are sold and higher value than what had been paid for them is actually realized.

(iii) "On the whole is it not better to leave the book value of securities as it is and calculate from time to time the rate of return we are getting. Buying securities is one form of investment and the rate of return we get is the main thing."

(iv) "Supposing we sold all our papers one day and bought back all of them at the same rate the next day, then we would be exactly where we were without the least difference in our position but according

33 The rate of return is not the main thing in the case of an investment in securities. The certainty of convertibility into cash at any moment is the supreme consideration in such a case. The book value cannot be left as it is, as it does not represent a realisable asset, including as it does an irrecoverable loss.

34 The assumption ^{made} here is not correct. Sales and purchases depend on market values and we can neither sell securities for the price we want nor purchase

according to the method
of writing off in the way
now suggested a huge loss
will be shown in the books."

Serial
No.

purchase them for the price we wish to pay.

Sale and purchase at the same rates is an unreal transaction and no inference can be drawn from an impossible condition.

35 If there is a permanent depreciation in our holding, the writing off of such a depreciation would be necessary whether we sell and buy again or resort to neither of these transactions. Suppose we hold a security for which we have paid Rs.100 and that it has permanently depreciated in value to Rs.70. The difference of Rs.30 is a real loss and it has to be written off whether we simply continue to hold the depreciated bond or sell it for Rs.70 and buy it again for Rs.70. In either case our holding is worth Rs.30 less than the book value of Rs.100. The investment if allowed to stand in the books at Rs.100 would include a fictitious asset of Rs.30 and this has to be written off, if the Balance Sheet should show only realisable assets. The sale and purchase contemplated by Mr. Chakravarti would only show in greater relief that the write-off is quite necessary and not that it is not -- necessary. Whether we retain the holding or ~~and~~ sell ~~xx~~ repurchase it, the need for the write off of a permanent loss is the same. The case under consideration is loss on actual sales and such loss is a permanent reduction of our asset.

(v) "After all what is proposed is a debit and credit entry on either side and it is not in my opinion necessary to show it. The amount at the debit of the investment account may continue to

NOTE—Contn. sheet show

36 The entries are not nominal as they are required to make the account figures represent facts and the investment account is intended to indicate

show the amount which we have spent on the investments."

Objections raised in his note dated 2nd June 19.

(vi) "The case cited by the Comptroller is not analogous. The currency investment reserve has to be kept equal to the circulation. So if any depreciated securities are sold, the difference has to be made good from a -- Reserve formed out of the revenue."

Serial
No.

indicate an item of liquid asset and its balance cannot be in excess of what can be realized.

37 The Comptroller's proposal is for writing off the loss on actual sale of securities. The arrangement made by the Government of India in regard to the Paper Currency investment is on account of depreciation of securities still held. When securities are sold and loss is sustained, it will be met from the depreciation reserve formed from Revenue. That loss should be met from Revenue is the fundamental point and the case of the Paper Currency Reserve is therefore quite -- analogous. The purpose for which the investment is intended, whether for guaranteeing the convertibility of currency notes as in the case of the paper currency investment or for conversion into cash for meeting liabilities like Savings Bank Deposits, Famine Insurance Fund, etc., as in the case of our surplus investment is immaterial. In either case the asset should be a realisable one and if the book figure contains any irrecoverable amount it should be treated as loss and -- adjusted accordingly.

38 4. The Surplus Investment Account represents our liquid reserve in which we hold our Cash -- Balance for which there is no immediate demand. It is held for meeting liabilities like those -- relating to Savings Bank Deposits, Famine Insurance Fund, etc. All our calculations in regard to the funds available for capital expenditure out of invested

Serial
No.

invested surpluses are made with reference to ~~this~~ the balance of this Surplus Investment Account. A large part of the Capital Works programme in the last six years was financed from the sale of securities held by us. These investments are quite different from permanent investments like those on productive Public Works, e.g., Cauvery Power Scheme, Railways, Krishna-rajasagara Works. In the case of permanent productive works no question of converting them into cash generally arises but even in their case it is necessary to set aside from revenue a sufficient amount to serve the purpose of a Depreciation Fund for keeping the concerns in an efficient condition for earning full revenue. The case of temporary investments in securities is, however, quite different. They are held with the object of being converted into cash and it is their cash value that the accounts should show. If we sell a security for a lower price than that at which we had bought it, the loss we sustain is irrecoverable, and it is impossible to allow the loss to remain in accounts as an item of asset. Loss on sale of securities is an irrecoverable debt and an irrecoverable debt cannot be shown as a realisable asset available for meeting any item of liability.

39 5. In the circumstances explained above, I consider, the adjustment ~~for~~ of the loss as extraordinary expenditure ~~as~~ necessary. T h e

result

97 File No. 93 of 1918

result of such adjustment is that the net excess of assets shown in the statement of Assets and Liabilities will be reduced by the loss on sale of securities.

of securities.

LED The loss on sale in the past ^{three} ~~four~~ years was as follows:--

1916-1917	..Rs. 5,49,340-13- 0
1917-1918	..Rs.31,34,491- 2- 8
1918-1919	..Rs. 6,23,891-12- 0

	Rs.43,07,723-11- 8.

The loss in the first two years has already been adjusted. That in the second two years to be now adjusted has been verified by the - - - Comptroller. The amount to be adjusted in the final accounts for 1918-19 is Rs. 37,58,382-14-8.

Reg. No. 2817

Small
30/10/19 No.
50760

41

It can be concluded from
consideration in current
the H. L. by the above
reference in subject.

4F-11-19

42 ✓ To the chief Secy with compliments

mmz
5/11/19
18
574

4/14
C.S. 43
Circulate

RE-CIRCULATED.

(For Disposal at a Meeting)

No. C. 670 19

.....18-19.....

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Under clause xii of the schedule)

Question of writing off the accounts of the loss sustained
in the sale of Government of India, Securities.

RE-CIRCULATED TO THE MEMBERS OF COUNCIL.

with reference to Council instructions dated 13th March 1919.

By Order,

B. Balasubramanian

Chief Secretary to Government.

.....11th.....November.....19.19.

Extraordinary Member of Council:

First Member of Council.

3384-39.
18.11.19.

Second Member of Council.

2278
12.11.19

Third Member of Council.

1594
11.11.19

Seen 4/6
Recd
4-12-19
15/11/19
20/11/19
12/11/19

c 670

97

Extract from the Proceedings of the 513th
Highness the Maharaja, held at Bangalore on the

Meeting of the Council of His
+ 19th
18th/December 1919. 159x.

1. Subject. - Clause xii of the schedule.

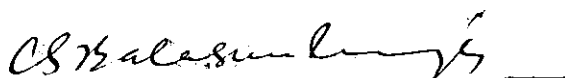
Question of writing off the accounts of the loss
sustained in the sale of Government of India securities.

47 Opinion of the Council.

The loss sustained on the sale of Government of India
Securities in 1917-18 and 1918-19 may be written off the
accounts.

(Signed) M. Kantaraj Urs,
Dewan of Mysore.

"EXTRACT"



Chief Secretary to Government.

G. R. S. III-2]

General and Revenue
Secretariat.

File No.

67 / 93

of 1918

*23. As soon as circulation is complete and the opinion of the Council is recorded, the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

48 Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government.....Financial Dept......
under *Rule '23 of the Subsidiary Rules of Council Business.

By Order,

Ch. Balasubramanian
Chief Secretary to Government. 20/12

49 Please put up D.S.N. mill
22.12.19

50

D.S.N. put up.

order.
26/12.

18/12
21/12

J. S. N.
30/12

Des. 27

18
2.1.20
6.

Recd on
7-1-20

Dewan

mill
7.1.20

DEWAN'S OFFICE.
Recd. on JAN 7 1920
Reg. No. 4552

51 abled
mill
9.1.20

NOTE.—Cotn. Sheet.

Record of Cases submitted for the Orders
of His Highness the Maharaja.

Subject.



Proposal to write off the accounts
the loss sustained by the sale of Govern-
ment of India Securities in 1917-18 and
1918-19.

740.

53 Order.

~~KRMH~~

10/1/20

H. L. Jay

11.1.20

un

General and Revenue
Secretariat.

62 . File No. 93

of 1918

Serial
No.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

31. In all other cases, the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

54

Circulated to the Members of Council for perusal of His Highness' orders ^{before}~~after~~ issue of orders. (Vide Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure).

18 Balasundaram
Chief Secretary to Govt. 12/1/20

Through the Secretary to Government,

..... 21 Department.

Smile

13.1.20

18/1/20

CS.

Recd. 15/1/20

4528-36
16.1.20

FIRST MEMBER OF COUNCIL

Srnw

Reel

17.1.20

SECOND MEMBER OF COUNCIL

56

Whs

20/1/20

TEMPORARY MEMBER OF COUNCIL

328

55

Jes

21/1

58

21.1.20

18/1/20

1406

K. S. III-2

General and Revenue
Secretariat.

GA File No. 92 of 1918

26

Serial
No.

59 To the Comptroller for kindly noting
order & returning the file.
Formal order will issue in
due course.

M. G. B. S. M. A. R. C.

12/1/20.

60 P. This is sent for immediate
information of the Comptroller in
connection with closure of
final accs for 1918-19.
M. G. B. S. M. A. R. C.

61 noted and returned

M. G. B. S. M. A. R. C.
12-1-20.

62

Subd with order

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

20/10

63 Issue

M. G. B. S. M. A. R. C.

20/10

20/10

To the Comptroller

No. 4471. Dated 28.1.20.

Approves the Comptroller's proposal to write
off the accounts amount of Rs 3758382-4-8
being the loss on account of sale of securities
in the two years 1917-18 & 1918-19

B

2/28/1/1920

NOTE—Contn. sheet.

20964

6793-18-1

Please address all future communications
to the Comptroller to the Govt. of H. H.
the Maharaja of Mysore.
In reply to this Comm. please refer to
No. Book 900 9/3

OFFICE OF THE COMPTROLLER TO THE
GOVERNMENT OF HIS HIGHNESS THE MAHARAJA
OF MYSORE.

Dated, Bangalore, the 18 ~~1918~~ September 1918.

16023

18/9/18
25/9/18
FROM
12/7/18

M. N. KRISHNA RAO, Esq., B.A.,

~~Off.~~ Comptroller to the Government of
His Highness the Maharaja of Mysore.

To

Rajamantrapravina

.....Devan Bahadur J. S. Chakravarti....., Esq., M.A., B.R.A.S.,

Secretary to the Government of Mysore,

F I N A N C I A L

.....Department.

26/9/18
24/9

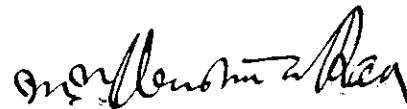
SIR,

I have the honor to report that on the principles set forth
in my D.O. ¹⁸letter No. 595 dated the 12th November 1917 and approved by
Government in Government Order No. Fl. 2553 dated the 24th November 1917,
I have written off the accounts of the year 1917-18 which are about to
be closed a sum of Rs. 31,34,541-2-8 on account of loss on investments
^{31,34,491-2-8} sold during the year by credit to Investment Account and debit to Extra-
ordinary Expenditure. I annex for the information of Government a
statement showing the details of the Securities sold, the amounts ---
realised, the book value and the loss incurred.

I have the honor to be,

Sir,

Your most obedient servant,


Comptroller.

CV/16-9

Go.
18.9.18

D-964

6793-18-1

Please address all future communications
to the Comptroller to the Govt. of H. H.
the Maharaja of Mysore.
In reply to this Comm. please refer to
No. Books. 900 8/3

OFFICE OF THE COMPTROLLER TO THE
GOVERNMENT OF HIS HIGHNESS THE MAHARAJA
OF MYSORE.

Dated, Bangalore, the 18th 1918. September 1918.

4

16023

16023
FROM
18/9/18

M. N. KRISHNA RAO, ESQ., B.A.,
~~Off.~~ Comptroller to the Government of
His Highness the Maharaja of Mysore.

To
Rajamantrapravina
.....Dewan Bahadur J. S. Chakravarti....., Esq., M.A., B.R.A.S.,
Secretary to the Government of Mysore,
F I N A N C I A L Department.

16023/18

(g) 18-9-18

Sir,
I have the honor to report that on the principles set forth
in my D.O. letter No. 595 dated the 12th November 1917 and approved by
Government in Government Order No. Fl. 2553 dated the 24th November 1917,
I have written off the accounts of the year 1917-18 which are about to
be closed a sum of Rs. 31,34,541-2-8 on account of loss on investments
31,34,541-2-8 sold during the year by credit to Investment Account and debit to Extra
ordinary Expenditure. I annex for the information of Government a
statement showing the details of the Securities sold, the amounts ---
realised, the book value and the loss incurred.

I have the honor to be,
Sir,

Your most obedient servant,

M. N. Krishna Rao
Comptroller.

CV/16-9

18/9/18

27

Statement showing the sale of $3\frac{1}{2}\%$ Securities during the financial
year 1917-1918.

.....

No.	Date.	Face Value.	Rate. %	Net amount realised.	Remarks
18-	7- 17	5,00,000	65 $\frac{1}{4}\%$	3,25,065- 2- 0	
28-	7- 17	10,00,000.	65%	6,47,535- 8- 0	
30-	7- 17	2,00,000	65%	1,29,512- 3- 0	
16-	8- 17	1,00,000	67%	66,875- 0- 0	(Sold to Rail- way Loan Sinking Fund Account.)
2-10-	17	2,00,000	68.3	2,03,845- 2- 0	
3-10-	17	1,00,000	68.3		
4-10-	17	3,00,000	68.4	2,04,032- 4- 0	
15-10-	17	6,00,000	68.4	4,08,062-14- 0	
3-11-	17	2,02,600	68.12	1,38,796-14- 0	
10-11-	17	7,76,900	69%	5,34,173- 9- 0	
10-11-	17	5,00,000	68.12	3,42,536- 9- 0	
4-12-	17	92,000	69%	63,255- 1- 0	
5-12-	17	8,000	69%	5,496- 2- 0	
		1,00,000	69%	68,764- 3- 0	
6-12-	17	4,00,000	68 $\frac{1}{2}$	2,73,051-12- 0	
6-12-	17	1,00,000	68 $\frac{1}{2}$	68,265- 7-0	
		1,00,000	69%	68,764- 5-0	
7- 1-	18	2,00,000	69%	4,78,803- 6-0	
		5,00,000	68 $\frac{1}{8}$		
		10,00,000	68 $\frac{1}{8}$	6,82,579-14-0	
8- 1-	18	3,00,000	68 $\frac{1}{12}$	2,05,522- 0-0	
16- 1-	18	1,46,500	70%	1,02,366-14-0	...do....
11- 2-	18	4,75,100	68%	3,22,361-2-0	3 lakhs at 68%
			68.4		and the balance at
27- 2-	18	1,00,000	68%	67,764-3-0	68-4-0.
28- 2-	18	57,000	67.14	38,554-10-0	
1- 3-	18	1,00,000	67.12	67,516-11-0	

Total C.O.

286

B.F.			
2- 3-18	50,000	67.8	33,631-10- 0
5- 3-18	1,00,000	67.4	67,015-14- 0
7- 3-18	50,000	67%	33,384- 3- 0
8- 3-18	70,000	66.12	46,561- 5- 0
8-3-18	67,000	67%	44,734-13- 0
8- 3-18	1,00,000	69½%	69,375- 0- 0
Sold to Railway Loan Sinking Fund Account			
12- 3-18	23,000	66.12	15,299- 5- 0
14- 3-18	50,000	66.12	33,259- 7- 0
13- 3-18	1,00,000	66.12	66,518-15- 0
16- 3-18	50,000	66.8	33,134-12- 0
26- 3-18	1,00,000	65.12	65,517-12- 0
23- 3-18	8,00,000	65.12	5,24,135-1- 0
3- 4-18	1,00,000	65.12	65,517-5- 0
15- 4-18	1,90,000	65%	1,23,060-13-0

Total...	1,00,08,100		67,34,644-14-0
----------	-------------	--	----------------

Cost of securities at $97\frac{1}{2}\%$	=	97,57,897- 8- 0
---	---	-----------------

Net amount realised excluding brokerage and Banks Commis- sion.	=	67,34,644-14- 0
---	---	-----------------

Loss.		30,23,252-10- 0
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78/20.9.18

249

Conversion notes

Statement showing the sale of 4 $\frac{1}{2}$ % and 5% War Loan Bonds during the year - -
1917-18.

No.	Date.	Face value.	Rate %	Net amount rea- lised.	Remarks.
1	28- 2- 18	11,00,000	93/4	10,21,415- 1- 0	
2	1- 3- 18	4,00,000	93/4	3,71,816- 8- 0	
3	12- 3- 18	8,00,000	92/8	7,37,642-15- 0	
4	13- 3- 18	1,00,000	92/8	92,205- 5- 0	
5	15- 3- 18	25,000	93/4	23,238- 5- 0	
6	26- 3- 18	10,000	92/0	9,164- 5- 0	
7	2- 4- 18	1,25,000	91/12	1,14,320-11-0	
8	3- 5- 18	7,40,000	90/	6,63,853-7-0	
9	10- 5- 18	2,000	95/	1,900-0- 0	Pro note sold to
10	19- 3- 18	2,50,000	78	1,94,345- 5- 0	Mr. Aswathnaraya na Rao's Account. Conversion note.

Total

Total cost of 5% War Loan paper	=	30,62,605- 0- 0	
do 4% Conversion Warrants	=	2,80,435- 6- 8	@
			(Rate 11 $\frac{1}{2}$ -2-9) per cent.
Total.....		33,43,040- 6- 8	
Total net amount realised		32,31,801- 14-0	
Loss.		1,11,238- 8- 8	

78
2019/11/8

SUBJECTS.....

~~.....~~

Diary No. of letter replied to 964

2355

Section 57

File No. 73-18

Serial No. 4

GENERAL AND REVENUE SECRETARIAT.

the 1st 1915

No. 76209

Date of issue 21 May

Signed by H. Greening

R. L. D.

To Dear Sir
 Kindly refer to
~~indicated to~~ your letter
 No. Book 179-900 of
 21.5.18 regarding
 your request for adjustment
 the treatment of loss
 in account resulting
 from the sale of Securities
 during 17.18.

I am directed to
 enquire what
 the practice in
 India is in

I shall feel obliged
 if you will kindly
 over.

The matter of the
 writing down the
 value of securities

~~Let me know how in~~
~~similar cases circumstances.~~
~~Circumstances, The~~
~~Secretary held in~~
The Currency Reserve
and gold Standard
Reserve in British

~~India are dealt with~~

Yours Sincerely

List of enclosures.

For Henry

Comptroller

Copied by

Examined by

D.O.No.3275/Bks.

D 3111 31

97. 93-48-5.

Office of the Comptroller in Mysore,
Bangalore, 22nd May 1919.

Dear Sir,

Your D.O. No.F1.6209/G.F.93-18 of 21-5-19

The practice in British India for writing down the value of Securities held in connection with the Currency Reserve is to form a Depreciation Fund from contributions made from the Revenue Account. Please see para 12 of the Financial Statement of the Government of India for 1917-18.

2. A Depreciation Fund can be formed only for an investment which exists and not for Securities which have been disposed of by actual sale. My proposal refers to the -- adjustment of loss resulting from actual sale of Securities. The difference between the value at which the Securities were borne and the value which they fetched by sale is loss which cannot remain in accounts as an item of asset.

Yours sincerely,

B.Srinivasa Iyengar Esq., B.A.,B.L.
Under Secretary,
Financial Department,
Bangalore.

[Handwritten signature]

CV/22-5

Please address all future communications
to the Comptroller to the Govt. of H.H.
the Maharaja of Mysore.

In reply to this Comm. please refer to

No. 878/Books-4/-1st:

OFFICE OF THE COMPTROLLER TO THE
GOVERNMENT OF HIS HIGHNESS THE MAHARAJA
OF MYSORE.

Dated, Bangalore, the 27th Oct 1919.

RECEIVED
28 OCT 1919

FROM
10324

T. Satyaraj Chetty, Esq., B.A.,

~~M. N. KRISHNA RAO, Esq., B.A.,~~

Offg: Comptroller to the Government of

His Highness the Maharaja of Mysore.

To

M. N. Krishna Rao, Esq., B.A.,

Offg: Secretary to the Government of Mysore,

Financial Department.

SIR,

I have the honor to forward herewith a statement of securities belonging to the Surplus Investment Account, sold during the year 1918-19 and the loss incurred by their sale, I request orders of Government to write off the sum of Rs 6,23,891-12-0, which represents the net loss to Government, as extra-ordinary expenditure as already reported in the previous year.

I have the honor to be,

Sir,

Your most obedient servant,

T. Satyaraj Chetty

Offg: Comptroller.

[Signature]

Statement showing the details of Securities of the Surplus Investment Account Sold during the year 1918-19.

33

no	Date of Sale	Description of Securities	Face Value	Rate per cent	Amount Realised			Remarks
1	2.7.19	3½% notes	153000	65	99258	12	-	
2	26.8.19	- " -	100000	70	69875	-	-	
3	19.11.18	4½% Conv. Vm. Loan 1916-17	125000	85	106406	4	-	
4	17.2.19	- " -	96100	85	81564	14	-	
5	13.5.19	- " -	112600	92	103451	4	-	
6	6.6.19	- " -	2100	92	1929	6	-	
7	11.10.18	War Bond 1924-47	175000	88	153393	-	-	
8	15.10.18	- " -	225000	88	197219	5	-	
9	17.10.18	- " -	100000	88	87652	15	-	
10	17.10.18	- " -	100000	88	876529	7	-	
11	24.10.18	- " -	100000	89	88650	4	-	
12	10.12.18	- " -	100000	91	90643	12	-	
13	19.12.18	- " -	100000	90½	90144	11	-	
14	23.7.18	Bombay port Trust 4½% Debentures	500000	75	373426	13	-	
15	" -	Bombay Municipal Corp.	100000	75	74685	6	-	
16	26.7.18	- " -	400000	75	298744	4	-	
17	22.8.18	Calcutta - " -	100000	80	79667	7	-	
18	9.1.19	Karachi Debentures	200000	79	157352	13	-	
19	8.4.19	- " -	200000	79	157348	6	-	
20	26.4.19	- " -	50000	79	39336	13	-	
		Total	3938800		3227280	12	-	

Statement showing the net purchase value of the several kinds of securities sold during 1918-19. 34

No	Description of Securities	Face value	Net cost	Remarks
1	3½ - Govt of India Bonds	253000	246675	
2	4 - Govt Loan 1916-17	335800	376673	2 6
3	5 - War Bonds 1929-47	1800000	1669500	-
4	4 - Bombay Port Trust Debentures	500000	501626	4 -
5	4 - Bombay Municipal Debentures	500000	513203	3 4
6	4 - Calcutta Municipal Debentures	100000	101669	14 2
7	4 - Karachi Port Trust Debentures	450000	441825	-
Total		3938800	3851172	8 -

Net cost of purchase, 3851172-8-0
 Net amount realised by sale, 3227280-12-0
 Difference = 623891-12-0
 being loss:

TOS

SUBJECT.....

Nb

Diary No. of letter replied to.....

Section 5-2

File No. 93-48

Serial No. 6.

General and Revenue Secretariat

()

, the

191

Proceedings of the Government of
His Highness the Maharaja of Mysore.

Date of issue.....

28/1/20
P.L.D.

Signed by.....

W. S. Srinivasan

Read - Letter No Books 900 dated 21st September 1918 from the Comptroller proposing to write off the accounts of the year 1917-18 a sum of Rs 31,34,491-2-8 being the loss on the sale of securities and accounting for it as extra ordinary expenditure according to the principles approved in Go No H 2553 G. 729-17-6. D. 24.11.17.

May this be

- i Printed ?
- ii treated as a standing order ?
- iii published in the Gazette, English Part ?
- iv translated ?
- v placed at the disposal of the press ?
- vi published in the Gazette Kannada Part ?

Order Thereon No. which directed the similar adjustment in connection with the loss sustained in the year 1916-17. -

Order Thereon

No H 4471

28 Jan 7/20

Approved -

~~It is ascertained that~~ the loss on account of the sale of

2/11

36
Securities in 1918-19 amounted
to Rs 6.23 891-12-0; ^{and the} ~~The~~ total
loss for the two years 1917-18 &
1918-19 amounting to Rs 37,58,382
~~has~~ will be written off the
accounts

Page 11-16.

— 114 — 26

18
26.1.1920
for final sy.

The Comptroller

TM
24/1/20

List of enclosures.

Copied by
Examined by